



Senate

General Assembly

File No. 666

February Session, 2014

Substitute Senate Bill No. 394

Senate, April 24, 2014

The Committee on Appropriations reported through SEN. BYE of the 5th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING REQUIREMENTS FOR INSURERS' USE OF STEP THERAPY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-510 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2015*):

3 (a) No [health insurance policy issued on an individual basis,
4 whether issued by an] insurance company, [a] hospital service
5 corporation, [a] medical service corporation, [or a] health care center [,
6 which] or other entity delivering, issuing for delivery, renewing,
7 amending or continuing an individual health insurance policy or
8 contract that provides coverage for prescription drugs may: [require
9 any]

10 (1) Require any person covered under such policy or contract to
11 obtain prescription drugs from a mail order pharmacy as a condition
12 of obtaining benefits for such drugs; [.] or

13 (2) Require, if such insurance company, hospital service corporation,
14 medical service corporation, health care center or other entity uses step
15 therapy for such drugs, the use of step therapy for any prescribed drug
16 for longer than sixty days. At the expiration of such time period, an
17 insured's treating health care provider may deem such step therapy
18 drug regimen clinically ineffective for the insured, at which time the
19 insurance company, hospital service corporation, medical service
20 corporation, health care center or other entity shall authorize
21 dispensation of and coverage for the drug prescribed by the insured's
22 treating health care provider, provided such drug is a covered drug
23 under such policy or contract. If such provider does not deem such
24 step therapy drug regimen clinically ineffective or has not requested
25 an override pursuant to subdivision (1) of subsection (b) of this section,
26 such drug regimen may be continued. For purposes of this section,
27 "step therapy" means a protocol or program that establishes the
28 specific sequence in which prescription drugs for a specified medical
29 condition are to be prescribed.

30 [(b) The provisions of this section shall apply to any such policy
31 delivered, issued for delivery, renewed, amended or continued in this
32 state on or after July 1, 2005.]

33 (b) (1) Notwithstanding the sixty-day period set forth in subdivision
34 (2) of subsection (a) of this section, each insurance company, hospital
35 service corporation, medical service corporation, health care center or
36 other entity that uses step therapy for such prescription drugs shall
37 establish and disclose to its health care providers a process by which
38 an insured's treating health care provider may request at any time an
39 override of the use of any step therapy drug regimen. Any such
40 override process shall be convenient to use by health care providers
41 and an override request shall be expeditiously granted when an
42 insured's treating health care provider demonstrates that the drug
43 regimen required under step therapy (A) has been ineffective in the
44 past for treatment of the insured's medical condition, (B) is expected to
45 be ineffective based on the known relevant physical or mental
46 characteristics of the insured and the known characteristics of the drug

47 regimen, (C) will cause or will likely cause an adverse reaction by or
48 physical harm to the insured, or (D) is not in the best interest of the
49 insured, based on medical necessity.

50 (2) Upon the granting of an override request, the insurance
51 company, hospital service corporation, medical service corporation,
52 health care center or other entity shall authorize dispensation of and
53 coverage for the drug prescribed by the insured's treating health care
54 provider, provided such drug is a covered drug under such policy or
55 contract.

56 (c) Nothing in this section shall (1) preclude an insured or an
57 insured's treating health care provider from requesting a review under
58 sections 38a-591c to 38a-591g, inclusive, or (2) affect the provisions of
59 section 38a-492i.

60 Sec. 2. Section 38a-544 of the general statutes is repealed and the
61 following is substituted in lieu thereof (*Effective January 1, 2015*):

62 (a) No [medical benefits contract on a group basis, whether issued
63 by an] insurance company, [a] hospital service corporation, [a] medical
64 service corporation, [or a] health care center [, which] or other entity
65 delivering, issuing for delivery, renewing, amending or continuing a
66 group health insurance policy or contract that provides coverage for
67 prescription drugs may: [require any]

68 (1) Require any person covered under such policy or contract to
69 obtain prescription drugs from a mail order pharmacy as a condition
70 of obtaining benefits for such drugs; [.] or

71 (2) Require, if such insurance company, hospital service corporation,
72 medical service corporation, health care center or other entity uses step
73 therapy for such drugs, the use of step therapy for any prescribed drug
74 for longer than sixty days. At the expiration of such time period, an
75 insured's treating health care provider may deem such step therapy
76 drug regimen clinically ineffective for the insured, at which time the
77 insurance company, hospital service corporation, medical service

78 corporation, health care center or other entity shall authorize
79 dispensation of and coverage for the drug prescribed by the insured's
80 treating health care provider, provided such drug is a covered drug
81 under such policy or contract. If such provider does not deem such
82 step therapy drug regimen clinically ineffective or has not requested
83 an override pursuant to subdivision (1) of subsection (b) of this section,
84 such drug regimen may be continued. For purposes of this section,
85 "step therapy" means a protocol or program that establishes the
86 specific sequence in which prescription drugs for a specified medical
87 condition are to be prescribed.

88 [(b) The provisions of this section shall apply to any such medical
89 benefits contract delivered, issued for delivery or renewed in this state
90 on or after July 1, 1989.]

91 (b) (1) Notwithstanding the sixty-day period set forth in subdivision
92 (2) of subsection (a) of this section, each insurance company, hospital
93 service corporation, medical service corporation, health care center or
94 other entity that uses step therapy for such prescription drugs shall
95 establish and disclose to its health care providers a process by which
96 an insured's treating health care provider may request at any time an
97 override of the use of any step therapy drug regimen. Any such
98 override process shall be convenient to use by health care providers
99 and an override request shall be expeditiously granted when an
100 insured's treating health care provider demonstrates that the drug
101 regimen required under step therapy (A) has been ineffective in the
102 past for treatment of the insured's medical condition, (B) is expected to
103 be ineffective based on the known relevant physical or mental
104 characteristics of the insured and the known characteristics of the drug
105 regimen, (C) will cause or will likely cause an adverse reaction by or
106 physical harm to the insured, or (D) is not in the best interest of the
107 insured, based on medical necessity.

108 (2) Upon the granting of an override request, the insurance
109 company, hospital service corporation, medical service corporation,
110 health care center or other entity shall authorize dispensation of and

111 coverage for the drug prescribed by the insured's treating health care
112 provider, provided such drug is a covered drug under such policy or
113 contract.

114 (c) Nothing in this section shall (1) preclude an insured or an
115 insured's treating health care provider from requesting a review under
116 sections 38a-591c to 38a-591g, inclusive, or (2) affect the provisions of
117 section 38a-518i.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2015	38a-510
Sec. 2	January 1, 2015	38a-544

APP Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill does not result in a cost to the state employee and retiree health plan as the plan does not currently utilize step therapy. The bill does not impact other pharmacy plan procedures for the state health plan. The bill is not anticipated to result in a cost to fully insured municipalities. Due to federal law, municipalities with self-insured plans are exempt from state health mandates. The bill is not considered a health mandate pursuant to the federal Affordable Care Act.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**sSB 394*****AN ACT CONCERNING REQUIREMENTS FOR INSURERS' USE OF STEP THERAPY.*****SUMMARY:**

This bill bars certain health insurers that use prescription drug step therapy regimens from requiring their use for more than 60 days. Under the bill, "step therapy" is a protocol or program that establishes the specific sequence for prescribing drugs for a specified medical condition.

At the end of the step therapy period, the bill allows an insured's treating health care provider to determine that the step therapy regimen is clinically ineffective for the insured. At that point, the insurer must authorize dispensation of and coverage for the drug prescribed by the provider, if it is covered under the insurance policy or contract.

The bill requires insurers to establish and disclose to its providers a process by which they may request, at any time, an authorization to override any step therapy regimen. It prescribes the conditions under which the insurer must grant the override. If the provider does not consider the step therapy regimen to be ineffective or does not request an override, the drug regimen may be continued.

These step therapy provisions apply to individual and group policies and contracts delivered, issued, renewed, amended, or continued by an insurance entity. These entities include insurance companies, health care centers (HMOs), hospital service corporations, and medical service corporations (collectively referred to as "insurers").

The bill does not (1) prevent an insured or provider from requesting a review of an adverse decision (e.g., claims denial) under existing law or (2) affect the law that requires insurers to cover pain management treatments.

Lastly, the bill expands the prohibition on insurers requiring insureds to obtain prescription drugs from a mail order pharmacy. By law, health insurance policies issued by an insurance company, hospital or medical service corporation, or a health care center may not require an insured to obtain prescription drugs from a mail order pharmacy in order to obtain benefits for the drugs. The bill expands the scope of the law to cover (1) all other types of insurance entities covering prescription drugs and (2) insurance contracts as well as policies that are delivered, renewed, amended, or continued.

EFFECTIVE DATE: January 1, 2015

OVERRIDE

The bill requires insurers to establish and disclose to its providers a process by which they may request, at any time, an override of any step therapy regimen. The bill requires that the override process be convenient for providers to use.

The insurer must expeditiously grant an override if a provider demonstrates that the drug regimen required under step therapy (1) has been ineffective for treating the insured's medical condition; (2) is expected to be ineffective based on the insured's known relevant physical or mental characteristics and the known characteristics of the drug regimen; (3) will or will likely cause an adverse reaction by, or physical harm to, the insured; or (4) is not in the insured's best interest, based on medical necessity. If the insurer grants an override, it must authorize dispensation of, and coverage for, the drug prescribed by the provider, as long as it is covered under the insurance policy or contract.

BACKGROUND

Legislative History

The Senate referred the bill (File 288) to the Appropriations Committee, which favorably reported a substitute that increases, from 30 to 60 days, the maximum period insurers can require the use of step therapy if the provider considers the regimen to be ineffective.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 15 Nay 3 (03/18/2014)

Appropriations Committee

Joint Favorable Substitute

Yea 32 Nay 12 (04/15/2014)